



**GATRON (INDUSTRIES) LIMITED**

**HALF YEARLY REPORT  
DECEMBER 31, 2019**

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## Corporate Information

### Board of Directors

Haroon Bilwani	- Chairman
Pir Muhammad Diwan	- Chief Executive
Abdul Razak Diwan	
Zakaria Bilwani	
Usman Habib Bilwani	
Muhammad Iqbal Bilwani	
Shabbir Diwan	
Muhammad Taufiq Bilwani	
Muhammad Waseem	

### Audit Committee Members

Muhammad Waseem	- Chairman
Haroon Bilwani	
Usman Habib Bilwani	
Muhammad Iqbal Bilwani	

### HR & Remuneration Committee Members

Muhammad Waseem	- Chairman
Usman Habib Bilwani	
Muhammad Iqbal Bilwani	

### Chief Financial Officer

Mustufa Bilwani

### Company Secretary

Muhammad Yasin Bilwani

### Auditors

M/s. Kreston Hyder Bhimji & Company  
Chartered Accountants,  
Karachi.

### Legal Advisor

Naeem Ahmed Khan  
Advocates  
Quetta.

### Shares Registrar

C&K Management Associates (Private) Limited  
Room No. 404, 4th Floor, Trade Tower,  
Abdullah Haroon Road, Near Metropole Hotel,  
Karachi-75530 - Pakistan.  
Phone: 021-35687839, 35685930

### Bankers

Bank AlFalah Limited	
Bank Al-Habib Limited	
Dubai Islamic Bank Pakistan Limited	
Faysal Bank Limited	
Habib Bank Limited	
Habib Metropolitan Bank Limited	
MCB Bank Limited	
Meezan Bank Limited	
National Bank of Pakistan	
Standard Chartered Bank (Pakistan) Limited	
United Bank Limited	

### Plant

Plot No.441/49-M2, Sector "M",  
H.I.T.E., Main R.C.D. Highway,  
HUB, District Lasbela,  
Balochistan, Pakistan.

### Registered Office

Room No.32, First Floor,  
Ahmed Complex,  
Jinnah Road, Quetta - Pakistan.

### Liaison/Correspondence Office

11th Floor, G&T Tower,  
# 18 Beaumont Road,  
Civil Lines-10,  
Karachi-75530 - Pakistan.  
Phone: 021-35659500-9  
Fax: 021-35659516

### Email

headoffice@gatron.com

### Website

[www.gatron.com](http://www.gatron.com)

## Directors' Report

Dear Shareholders,

The Directors of Gatron (Industries) Limited are pleased to present the half yearly report together with the financial statements, duly reviewed by the external auditors, for the half year ended December 31, 2019.

### Financial Review:

The financial synopsis for the period under review is as below:

- Net sales Rs. 6,637 million,
- Operating profit Rs. 268 million,
- Investment income Rs. 465 million,
- Profit before income tax Rs. 656 million,
- Profit after income tax Rs. 497 million,
- Earnings per share including investment income Rs. 12.96

The operating revenue of the Company decreased by 17% as compared to last corresponding period mainly due to decrease in sale volume of both products of the Company. Polyester Filament Yarn sale volume reduced by around 19% as compared to last corresponding period and on the other hand Preforms' sale volume went down by around 18%. The sales volume was down primarily due to dumping of foreign products as well as may be due to measures in the June 2019 budget of imposition of 17% sales tax on textile sector and the condition of CNIC on unregistered traders / buyers. Your company had to sharply cut down production of Filament Yarn in October 2019 on account of drop in sales. The Preform sale was also down due to lower consumer demand for beverages in view of the significant devaluation of Pak rupee increasing beverage prices and the reduced disposable income of the end consumer as well as light weighting of Preforms. The exports of Preform has been affected due to sharp increase in import duty of Preforms in Afghanistan prompting producers there to put up their own Preform production.

The operational results were extra-ordinary good in the previous financial year 2018-19 due to the significant devaluation of the Pak Rupee resulting in a dynamic gain in rupees on account of lower unit value of raw materials in rupee at the time of purchase to a higher rupee value at the time of sale after the manufacturing cycle. However the value of Pak Rupee has appreciated and now stable so this dynamic gain is not there in the reporting period. In fact revaluation of Pak Rupee will have an adverse impact as this dynamic gain converting into a dynamic loss, besides the usual inventory loss in such a situation.

The growth of Chinese economy is slowing down putting pressure on Chinese suppliers who have expanded their capacities tremendously in the meantime. As a result they are more inclined to increase the dumping of their products in other countries including Pakistan, while anti-dumping duties as noted below remain ineffective due to a generous approach of NTC towards the commercial importers/foreign suppliers. There is dumping also from other countries besides China as capacities in these countries is also increasing tremendously. The dumped products are affecting your company sales volume as well as the margins of the Polyester Filament Yarn being produced.

On the other hand Government is increasing the conversion costs for the Pakistani manufacturers through increase in gas and energy prices, while mark up costs on bank financing remains very high.

Your company has already informed about the investments in increase of the capacity. Accordingly steps are being taken to start production from already imported and contracted plant & machinery. It is very challenging to undertake further expansions as noted below in the future outlook.

Distribution & selling expenses reduced by around 5% as compared to last corresponding period due to low sale volume. On the other hand Administrative expenses increased due to inflationary factors as a result of Pak Rupee devaluation.

On the Balance Sheet front as compared to June 30, 2019 stocks increased by Rs. 472 million to reach amounting to Rs. 3,313 million. Debtors increased by Rs.483 million to reach Rs.2,012 million while creditors increased by Rs. 535 million to reach Rs. 2,568 million.

During the period your company invested amounting to Rs. 360 million in newly incorporated wholly owned power company i.e. G-Pac Energy (Pvt) Limited. The above investment is in hybrid form of long term loan as well as equity investment. It is expected that this subsidiary will start its operations in next financial year.

In view of increasing working capital requirements, company short term borrowings are increasing, which is resulting in increased finance cost.

### CHALLENGES AND FUTURE OUTLOOK

- Federal Government being misguided by the traders/importers lobby, has reduced the Regulatory Duty on competing imported PFY from 5% to zero. It will hurt the investment already made in the phases of the expansion already contracted by your Company. It will definitely make it challenging for local PFY manufacturing industry to proceed with the further phases of expansion in production capacity after the reduction of regulatory duty on competing imported yarn from 5% to zero as well as absence of effective enforcement/collection of anti-dumping (AD) duties at the time of import. Both of these measure combined were mitigating the 20 to 25% injury that NTC had determined in its AD investigations. Had the regulatory duty remained and AD duties collected at time of import your company was hopeful that indigenous PFY industry would have expanded to a level which cater above 70% of local demands by the year 2022 compared to 35% in 2016 increasing import substitution of the country and local employment. Without the regulatory duty and collection of AD duties at import now it does not look possible and only the already contracted expansions will come into production. It is also worthwhile to note that the raw material of Polyester Filament Yarn vis PTA is also produced in Pakistan.
- As reported in previous reports, the anti-dumping duties (ADDs) continue to be ineffective due to litigation on composition of National Tariff Commission (NTC) (resulting in repeated stay orders in different High Courts). Earlier the imposition of ADDs was delayed for 4 years due to quorum issues at the NTC. These ADDs are already set at a very low level of 3.25% to 4.9% on the major 3 Chinese suppliers, while the injury to the Pakistan Filament Yarn Industry was exceeding 25% by the Chinese dumped imports as calculated by the NTC in anti-dumping investigation. Part of this injury was mitigated by the regulatory duty which also has been removed. It is also worthwhile to note that the dumping duty on China imposed by Turkey and India on these same producers was in excess of 10%.

- As already reported in previous directors' reports that there also appears an element of subsidy schemes helping the Chinese and Malaysian exporters to export at much low prices. The NTC did not initiate the countervailing anti-subsidy proceedings due to some legal limitation, on the previous application by the Filament Yarn Industry. Many countries like Canada and USA have calculated anti-subsidy duties on China on various polyester products which demonstrate that Chinese producers have available subsidy on their exports. Of course USA, Canada and Europe have also imposed anti-subsidy duties on numerous other Chinese products besides polyester.
- Frequent and notable increase in gas prices along with unsettled GIDC matter make import substitution industry more incompatible.
- The Company's significant funds are stuck in Sales Tax and Income Tax refunds, which unnecessarily affecting liquidity of the Company.
- Tax credit under section 65(b) of Income Tax Ordinance, 2001 has been taken away from current tax year may adversely hurt feasibility of upcoming investments in the country.

#### **OTHER MATTERS**

- During the period operations of wholly owned subsidiary Messrs. Gatro Power (Private) Limited remained below par due to increase in gas prices. In coming periods supply rate to Parent Company may further be increased to cover escalation in power generation cost. During the period this subsidiary company paid cash dividend amounting to Rs. 67.725 million.
- During the period, an associated company, i.e. Messrs. Novatex Limited has paid Rs. 397 million cash dividend.
- The Board of Directors of the Company in its meeting held on September 30, 2019 has approved the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 as placed before the board subject to any modification / amendments required or conditions as may be imposed by the Honourable High Court of Balochistan at Quetta. The petition has already been filed on dated 15th November, 2019 with the Honourable High Court of Baluchistan at Quetta, and necessary steps are being taken in view of Order given by the Court.

#### **APPROPRIATION**

The Board of Directors has approved 1st interim cash dividend @125% to all the shareholders of the Company.

#### **EARNING PER SHARE**

The earning per share of the Company for the half year ended December 31, 2019 is Rs. 12.96.

## MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the company occurred during the period to which the balance sheets relates and the date of this report.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements of the Group along with notes thereto, have also been included in this report.

## AUDITORS' REVIEW REPORT

The Auditors of the Company, M/s. Kreston Hyder Bhimji & Co, Chartered Accountant have issued an unqualified review report to the members of the Company on financial statements for the half year ended December 31, 2019.

## BOARD OF DIRECTOR

During the period there is no change in the Board of Directors of the Company.

## TRADING IN THE COMPANY'S SHARES

During the period under review three executive and three non executive directors of the Company reported transfer of Company's shares in writing, through gift deeds and purchase.

## ACKNOWLEDGMENT

We, on behalf of the Board of Directors would like to take this opportunity to thank our valued customers for the trust they continued to place on us, the management team for its sincere efforts, the Board of Directors for their guidance, and all Stakeholders, Bankers, Dealers, Vendors, Associates and Shareholders for helping build Gatron (Industries) Limited into a valuable company.

**Pir Muhammad Diwan**  
Chief Executive

**Muhammad Iqbal Bilwani**  
Director

January 15, 2020

### مجموعی مالیاتی گوشوارے:

زیر نظر ششماہی رپورٹ میں گروپ بلڈا کے غیر آڑٹ شدہ مختصر جامع مالیاتی گوشوارے (Condence Interim Consolidated Financial Statements) (بمعہ نوٹس منسلک ہیں)۔

### آڈیٹر کی جائزہ رپورٹ

کمپنی کے آڈیٹر میسر کر سٹن حیدر کیمیم جی اینڈ کمپنی، ارٹرڈاکاؤنٹس نے کمپنی کے ممبران کو 31 دسمبر، 2019ء کو اختتام پذیر ہونے والی ششماہی مدت کے مالیاتی گوشوارے پر غیر کو ایفا ائی جائزہ رپورٹ جاری کی ہے۔

### بورڈ آف ڈائریکٹرز:

زیر جائزہ مدت کے دوران کمپنی کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی واقع نہیں ہوئی۔

### کمپنی کے حصہ میں تجارت:

زیر جائزہ مدت کے دوران کمپنی کے تین ایگزیکیوٹو اور تین غیر ایگزیکیوٹو ڈائریکٹرز نے گفت ڈیڈ اور خریداری کے ذریعے کمپنی کے شیئز کو خریری طور پر شفیقی کی اطلاع دی ہے۔

### اٹھارٹکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے معزز صارفین کا شکر یاد کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔ ساتھ ہی اپنی میخانہ ٹیم کی پر غلوص محنت پر اور اپنے متعلقہ افران بشوں بیکریز، ڈیلرز، ویڈرز، ایسوی ایٹیس اور حصہ یافتگان کے بھی شکر گزار ہیں جنہوں نے گیئر ون کی ترقی میں اپنا کردار بخوبی نبھایا۔

محمد قبائل ہوانی

ڈائریکٹر

پیر محمد یو ان

افسر اعلیٰ

15 جنوری، 2020ء

جیسا کہ گزشتہ ڈائریکٹر زر پورٹس میں ذکر کیا گیا کہ سب سی اسکیوں کا ایک ایسا عضر محسوس ہوتا ہے جس کی وجہ سے چینی اور ملائیشیا برآمد کنندگان کو انتہائی ارزان نرخ پر برآمدات کرنے میں مدد ملتی ہے۔ مقامی فلامنٹ یارن صنعت کی جانب سے اس معاملہ کے متعلق گزشتہ داخل کردہ درخواست پر چند قانونی پابندیوں کے باعث NTC بر وقت اقدام کرنے سے قصر ہا دیگر مالک جیسا کہ کینیڈا اور امریکہ نے چین کی دیگر پولیسٹر مصنوعات پر ایٹھی سب سی ڈی یوٹی عائد کی ہے جس سے پتہ چلتا ہے کہ چینی پر ڈی یوٹی سرکی برآمدات میں سب سی ایڈیشن میں شامل ہے۔ امریکہ، کینیڈا اور یورپ نے چین کی دیگر مصنوعات پر بھی ایٹھی سب سی ڈی یوٹی عائد کر رکھی ہے۔

GIDC کے ساتھ ساتھ گیس کی قیتوں میں بار بار اور قابل ذکر اضافہ برآمدی تبادل صنعت کو uncompetitive بنادیتا ہے۔

کمپنی کی خطری رقم سیلیکنیس اور انکم ٹیکس ری فنڈ میں چھپی ہوئی ہے جو liquidity پر اثر انداز ہو رہی ہے۔

انکم ٹیکس آرڈیننس 2001ء کے بخش (b) 65 کے تحت ٹیکس کرپڑت م موجودہ مالیاتی سال سے ختم کر دیا گیا ہے اس سے ملک میں آئندہ سرمایہ کاری کی feasibility کو بری طرح نقصان پہنچ سکتا ہے۔

#### دیگر امور

زیر جائزہ مدت کے دوران مکمل ملکیتی ماتحت ادارہ میسٹر گیٹر و پاور (پرائیوٹ) لمیٹڈ کے آپریشنز گیس کی قیتوں میں اضافے کی وجہ سے چلی سطح پر رہے۔ آنے والی مدت میں پیرینٹ کمپنی کو سپلائی کی نرخ میں مزید اضافہ کیا جا سکتا ہے تاکہ بجلی کی پیداواری لائگت میں اضافو وصول ہو سکے۔ زیر جائزہ مدت کے دوران اس مکمل ملکیتی ماتحت ادارے نے 67.725 میلین روپے کے نقد مانع مقسمہ کی ادائیگی کی۔

زیر جائزہ مدت کے دوران ایک ملکہ کمپنی میسٹر زن و انکس لمیٹڈ نے 397 میلین روپے کے نقد مانع مقسمہ کی ادائیگی کی۔

بورڈ آف ڈائریکٹر نے 30 ستمبر 2019ء کو اپنے منعقدہ اجلاس میں کمپنیز ایکٹ 2017 کی شقتوں 279 سے 283 اور 285 کے تحت اسکیم آف ارینمنٹ کے مسودے کی منظوری دی۔ اس کے بعد اس اسکیم کی منظوری کے لیئے عدالت عالیہ، کوئٹہ بلو چتان میں پیش مورخہ 15 نومبر 2019ء کو پہلے ہی دائری جا چکی ہے اور اس عدالت کی پدایات/احکامات کے پیش نظر ضروری اقدامات کئے جا رہے ہیں۔

#### تصرف

بورڈ آف ڈائریکٹر نے کمپنی کے ممبران کے لیئے 125 فیصد نقد عبوری منافع مقسمہ کا اعلان کیا۔

#### آمدنی فی حصہ:

31 دسمبر، 2019ء کو اختتام پزیر ہونے والے شاہی مدت کے لیئے منافع فی حصہ 12.96 روپے رہے۔

#### اہم تبدیلیاں اور معاملہ:

بیلنس شیٹ کی تاریخ اور پورٹ پردا کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی لانے والی نہ کوئی اہم بات روما ہوئی اور نہیں ایسے معاملے ہوئے۔



دوسری طرف حکومت گیس اور توانی کی قیتوں میں بار بار اضافے کے ذریعے پاکستانی میونیچر کے لیے پیداواری لاگت میں اضافہ کر رہی ہے، جبکہ بینک کی مالی اعانت پر لاگت بہت زیادہ ہے۔

آپ کی کمپنی نے پہلے ہی صلاحیت کے اضافے میں کی جانے والی سرمایہ کاری کے بارے میں آگاہ کیا ہے۔ اس کے مطابق پہلے ہی درآمد شدہ اور معابدہ شدہ پلانٹ اور مشینری سے پیداوار شروع کرنے کے لئے اقدامات کئے جا رہے ہیں۔ مستقبل میں اس طرح کی مزید توسعے کو لیکن بانا بہت مشکل ہے جس کا ذکر درپیش چانجرا اور مستقبل پر ایک نظر میں بیان کیا ہے۔

ڈسٹری یوشن اور فروخت کے اخراجات میں فروخت کے کم جم کے باعث لگدشت اسی مدت کے مقابلے میں تقریباً 5 فیصد کی واقع ہوتی ہے۔ دوسری طرف پاکستانی روپے کی قدر میں کیے جانے والی مہنگائی کے باعث انتظامی اخراجات میں اضافہ ہوا۔

30 جون 2019ء کے مقابلے میں اسٹاک میں 472 ملین روپے کا اضافہ ہوا جو 3,313 ملین روپے تک پہنچ گیا۔ قبل وصول قرضوں کی مالیت 483 ملین روپے بڑھ کر 2,012 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 535 ملین روپے بڑھ کر 2,568 ملین روپے تک پہنچی۔

زیر جائزہ مدت کے دوران آپ کی کمپنی نے نئی مکمل ملکیتی پا کر کمپنی جی پیک ائر جی (پرائیویٹ) لمبیڈ میں طویل مدتی قرض کے ساتھ ساتھ ایکوٹی میں مبلغ 360 ملین روپے کی سرمایہ کاری کی۔ اس کمپنی کے آپ پیشرا آئندہ مالی سال میں شروع کئے جانے کی توقع ہے۔

منڈکورہ بالا سرمایہ کاری اور درکنگ کمپنی کی ضروریات میں اضافے کے پیش نظر کمپنی میں قابل مدتی قرضہ بڑھ رہا ہے، جس کے نتیجے میں مالیاتی لاگت میں اضافہ ہوا۔

### درپیش چانجرا اور مستقبل پر ایک نظر

وفاقی حکومت نے اپنے حالیہ بجٹ میں تاجریوں/درآمد لکنڈگان کی گمراہ کن ترجیمانی کی وجہ سے درآمد شدہ PYF ڈیوٹی کو 5 فیصد سے گھٹا کر صفر کر دیا۔ اس اقدام سے کاروبار کو وسعت دینے کے لئے اپنائی مراحل میں کی جانے والی سرمایہ کاری کو ٹھیکنے کا اندیشہ ہے اور یہ لیکنی طور پر PYF صنعت کیلئے چیلنج ہو گا کہ وہ درآمداتی یارن پر گیولیٹری ڈیوٹی میں 5 فیصد سے صفر تک کی اور ایٹھی ڈیمپنگ ڈیوٹری کی غیر موثر نہ فہرست کے عالم موجودہ میں پیداواری صلاحیت کے بندہ میں مزید توسعے کے لئے آگے بڑھے۔ یہ دونوں اقدامات مشترک طور پر 20 سے 25 فیصد تک کے نقصان کو کم کر رہے تھے جسے NTC نے اپنی ایٹھی ڈیمپنگ انویٹی گیشن میں طے کیا تھا۔ اگر PYF کو درآمد کرتے وقت ریگولیٹری ڈیوٹی اور ایٹھی ڈیمپنگ ڈیوٹی جمع ہوتی تو ایڈیمیٹی کا یہ PYF 2022ء تک مقامی پیداوار کو 2016ء کی مقامی طلب کے 35 فیصد کی سطح سے بڑھا کر 70 فیصد تک کرتی اور مزید لوگوں کو برسروزگار پنانے میں مدد ملتی۔ جواب ریگولیٹری ڈیوٹی اور درآمد پر ایٹھی ڈیمپنگ ڈیوٹی کی وصولی کے بغیر مکمل دکھائی نہیں دیتی اور صرف معابدہ شدہ توسعے ہی پیداوار میں آئے گی۔ یہ امر قابل غور ہے کہ PYF کا بڑا خام مال PTA بھی پاکستان میں تیار کیا جاتا ہے۔

جیسا کہ سابقہ ڈائیکٹر پورٹ میں بتایا گیا ہے کہ ایٹھی ڈیمپنگ ڈیوٹری (ADDs) مسلسل غیر فعال میں کیونکہ نیشنل ٹریف کمیشن (NTC) کی کمپوزیشن پر درآمد لکنڈگان نے مختلف باتی کوڑس سے حکم انتظامی حاصل کر رکھی ہے پہلے ہی ADDs کے نفاذ میں NTC کے اجلاس میں کوہ مکمل نہ ہونے سے پارسال کی تاخیر ہوئی ہے۔ یہ ADDs تین بڑے چینی پالائزر پر کم ترین 3.25 سے 4.9 فیصد عائد ہے۔ جبکہ متذکرہ ایٹھی ڈیمپنگ کی تحقیقات میں NTC نے تین کیا تھا کہ پاکستان فلامنٹ یارن انڈسٹری کو چانجرا ڈیمپنگ ایمپورٹس کے ذریعہ نقصان 25 فیصد سے زیادہ ہے ان ہی چانجرا پر دیوسرز پر ترکی اور انڈیاء نے 10 فیصد ایٹھی ڈیمپنگ ڈیوٹی عائد کر رکھی ہے۔

## بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

گیٹرون (انڈسٹریز) لمبینڈ کے ڈائریکٹرز 31 ستمبر 2019ء کو اختتام پذیر ہونے والی ششماہی مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے جسکا یہ دنی آڈیٹرز نے جائزہ لیا پیش کرتے ہوئے مسروت محسوس کر رہے ہیں۔

### مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے :	☆
خاص فروخت 6,637 ملین روپے۔	☆
آپریٹنگ منافع 268 ملین روپے۔	☆
آمدی بذریعہ سرمایکاری 465 ملین روپے۔	☆
منافع قبل از اکٹیکس 656 ملین روپے۔	☆
منافع بعد از اکٹیکس 497 ملین روپے۔	☆
آمدی فی حصہ شمول آمدی بذریعہ سرمایکاری 12.96 روپے۔	☆

گزشتہ سال کی اسی مدت کے مقابلے میں کمپنی کی خالص فروخت میں 17 فیصد کی واقع ہوئی ہے جس کی بنیادی وجہ کمپنی کی دونوں مصنوعات کی فروخت کے جم میں کمی ہے۔ گذشتہ اسی عرصہ کے مقابلے میں پالیسٹر فیلامنٹ یارن (PFY) کی فروخت کی مقدار میں تقریباً 19 فیصد کی واقع ہوئی اور دوسری طرف پری فارمزی کی فروخت کا جم تقریباً 18 فیصد کم ہوا۔ غیر ملکی مصنوعات کی ڈیپنگ، جون 2019ء کے بھٹ میں ٹیکٹاکل کے شعبے پر 17 فیصد سیلز ٹیکس اور غیر جسٹرڈ تاجریوں / خریداریوں پر شناختی کارڈ کی شرط کی وجہ سے فروخت کے جم میں واضح کی واقع ہوئی۔ آپ کی کمپنی کو فروخت میں کمی کے باعث اکتوبر 2019ء میں PFY کی پیداوار کرنا پڑی۔ پاکستانی روپے کی قدر میں کمی کے پیش نظر کم وزن والے پری فارمز کے استعمال کے ساتھ ساتھ صارفین کی ڈسپوز ایبل آمدی میں کمی نے مشروبات کی طلب پر اثر انداز ہو کر کمپنی کی پری فارمزی کی فروخت کو متاثر کیا۔ افغانستان میں پری فارمزی درآمدی ٹوپی میں تیزی سے اضافے کے باعث پری فارمز کی برآمدات متاثر ہوئی اور اسی وجہ نے وہاں کے پرڈیسپوز کو اپنی پری فارمزی پیداوار کرنے پر آمادہ کیا۔

گذشتہ مالی سال 2018-19 میں آپریٹنگ نہایت بہتر چھے جو پاکستانی روپے کی قدر میں نہایاں کمی کی وجہ سے کم قیمت پر خریدے گئے خام مال سے پیداواری عمل کے بعد تیار شدہ مصنوعات کی فروخت کے وقت ان کی قدر میں اضافے کے باعث ہوئے۔ تاہم پاکستانی روپے کی قدر اب بہتر اور مستحکم پہلپہڈ ازیر جائزہ مدت کے دوران یہ تحریک فائدہ جیہیں ہوا۔ دراصل اب یہ تحریک فائدہ، تحریک تھان میں تبدیل ہو گا جو ذیلی پر تھان کے علاوہ ہے۔

چین کی اقتصادی ترقی سست روپی کاشٹکار ہے جس کی وجہ سے چینیز سپلائز (جنہوں نے اپنی پیداواری صلاحیتوں میں بے پناہ اضافہ کیا) پر دباؤ ہے اس کے نتیجے میں وہ پاکستان سمیت دیگر ممالک میں اضافہ کرنے پر زیادہ مالیں ہیں جبکہ ایٹھی ڈیپنگ ڈیوٹیز جیسا کہ ذیل میں بتایا گیا ہے کہ وہ تجارتی درآمد کنندگان / غیر ملکی فرائیم کنندگان کے لئے این ٹی سی کے ضایاف اندر وریے کے سب غیر موثر ہیں، چین کے علاوہ دیگر ممالک سے بھی ڈیپنگ کی جاری ہے کیونکہ ان ممالک میں بہت زیادہ پیداواری صلاحیت کے ساتھ ساتھ اس میں اضافہ بھی ہو رہا ہے۔ ڈیپنگ مصنوعات آپ کی کمپنی کی فروخت کے جم اور اس کے ساتھ PFY کے مارجنس کو کمی متاثر کر رہی ہیں۔



### **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM UN-CONSOLIDATED FINANCIAL STATEMENTS**

#### **Introduction:**

We have reviewed the accompanying condensed interim un-consolidated statement of financial position of **GATRON (INDUSTRIES) LIMITED** ("the Company") as of December 31, 2019, and the related condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows and notes to the financial statements for the half year ended (here-in-after referred to as the "condensed interim un-consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim un-consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim un-consolidated financial statements based on our review. The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim un-consolidated financial statements have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2019.

#### **Scope of Review:**

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim financial information Performed by the Independent Auditor of the Entity". A review of condensed Interim un-consolidated financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim un-consolidated financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner of the review resulting in this independent auditor's report is Mohammad Hanif Razzak.

  
Kreston Hyder Bhimji & Co.  
CHARTERED ACCOUNTANTS

Karachi: the 15 JAN 2020

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## Condensed Interim Un-consolidated Statement Of Financial Position

AS AT DECEMBER 31, 2019

	Note	(Rupees in Thousand)	
		December 2019 (Un-audited)	June 2019 (Audited)
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, plant and equipment	5	<b>3,524,008</b>	2,359,404
Long term investments		<b>881,700</b>	602,830
Long term loans		<b>80,891</b>	99
Long term deposits		<b>3,228</b>	2,723
		<b>4,489,827</b>	2,965,056
<b>Current Assets</b>			
Stores, spare parts and loose tools	6	<b>689,579</b>	692,348
Stock in trade	14	<b>3,312,861</b>	2,840,779
Trade debts		<b>2,012,470</b>	1,528,561
Loans and advances		<b>91,607</b>	74,742
Trade deposits and short term prepayments	14	<b>72,446</b>	65,153
Other receivables	14	<b>315,388</b>	254,439
Income tax refundable - payments less provision		<b>81,969</b>	-
Advance income tax		<b>-</b>	116,273
Sales tax refund due from Federal Government		<b>111,418</b>	142,375
Cash and bank balances		<b>57,657</b>	70,317
		<b>6,745,395</b>	5,784,987
<b>TOTAL ASSETS</b>		<b>11,235,222</b>	<u>8,750,043</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	<b>383,645</b>	383,645
Capital reserve - share premium		<b>383,645</b>	383,645
General reserve		<b>3,250,000</b>	3,250,000
Unappropriated profit		<b>1,208,953</b>	1,286,708
		<b>5,226,243</b>	5,303,998
<b>LIABILITIES</b>			
<b>Non - Current Liabilities</b>			
Long term financing		<b>1,105,761</b>	126,540
Deferred liabilities - defined benefit plan		<b>400,082</b>	373,162
		<b>1,505,843</b>	499,702
<b>Current Liabilities</b>			
Trade and other payables	8 & 14	<b>2,567,607</b>	2,032,547
Unclaimed dividend		<b>19,435</b>	16,393
Accrued mark up		<b>38,042</b>	8,584
Short term borrowings		<b>1,878,052</b>	864,718
Provision for income tax less payments		<b>-</b>	24,101
		<b>4,503,136</b>	2,946,343
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,235,222</b>	<u>8,750,043</u>

The notes 1 to 17 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

## Condensed Interim Un-consolidated Statement Of Profit Or Loss (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	Note	Oct-2019 to Dec-2019	Oct-2018 to Dec-2018	Jul-2019 to Dec-2019	Jul-2018 to Dec-2018
Sales		<b>3,211,342</b>	4,173,520	<b>6,637,317</b>	7,999,281
Cost of sales		<b>2,952,475</b>	3,886,710	<b>6,139,471</b>	7,129,837
<b>Gross profit</b>		<b>258,867</b>	286,810	<b>497,846</b>	869,444
Distribution and selling costs		<b>37,890</b>	34,812	<b>79,691</b>	83,595
Administrative expenses		<b>80,743</b>	75,982	<b>148,943</b>	127,478
Other operating expenses		<b>14,755</b>	51,761	<b>29,480</b>	96,582
		<b>133,388</b>	162,555	<b>258,114</b>	307,655
		<b>125,479</b>	124,255	<b>239,732</b>	561,789
Other income		<b>7,291</b>	1,495	<b>28,599</b>	4,202
<b>Operating profit</b>		<b>132,770</b>	125,750	<b>268,331</b>	565,991
Finance costs		<b>57,332</b>	862	<b>76,946</b>	1,961
		<b>75,438</b>	124,888	<b>191,385</b>	564,030
Investment income - Dividend	10	<b>67,725</b>	679,350	<b>464,625</b>	905,100
<b>Profit before income tax</b>		<b>143,163</b>	804,238	<b>656,010</b>	1,469,130
Income tax - Current & prior	11	<b>48,207</b>	109,266	<b>158,766</b>	172,343
- Deferred		-	13,036	-	8,411
		<b>48,207</b>	122,302	<b>158,766</b>	180,754
<b>Profit after income tax</b>		<b>94,956</b>	681,936	<b>497,244</b>	1,288,376
<b>Earnings per share -</b>					
<b>Basic and diluted ( Rupees )</b>		<b>2.48</b>	17.78	<b>12.96</b>	33.58

The notes 1 to 17 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



## Condensed Interim Un-consolidated Statement Of Comprehensive Income (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	(Rupees in Thousand)			
	Oct-2019 to Dec-2019	Oct-2018 to Dec-2018	Jul-2019 to Dec-2019	Jul-2018 to Dec-2018
Profit after income tax	<b>94,956</b>	681,936	<b>497,244</b>	1,288,376
Other comprehensive income				
<i>Items that will never be reclassified to profit or loss</i>				
Gain on remeasurement of defined benefit plan having nil tax impact	<b>468</b>	-	<b>468</b>	-
Total comprehensive income	<b>95,424</b>	<u>681,936</u>	<b>497,712</b>	<u>1,288,376</u>

The notes 1 to 17 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

## Condensed Interim Un-consolidated Statement Of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
(Rupees in Thousand)					
Balances as at July 01, 2018	383,645	383,645	2,075,000	1,431,079	4,273,369
Total comprehensive income for the half year ended December 31, 2018	-	-	-	1,288,376	1,288,376
Transfer to general reserve	-	-	1,175,000	(1,175,000)	-
<b>Transactions with owners</b>					
Final cash dividend for the year ended June 30, 2018 at Rs. 8.25 per share i.e. @82.50%	-	-	-	(316,507)	(316,507)
Balances as at December 31, 2018	<u>383,645</u>	<u>383,645</u>	<u>3,250,000</u>	<u>1,227,948</u>	<u>5,245,238</u>
Total comprehensive income for the half year ended June 30, 2019	-	-	-	499,952	499,952
<b>Transactions with owners</b>					
1st Interim cash dividend for the year ended June 30, 2019 at Rs.9.50 per share i.e. @95%	-	-	-	(364,463)	(364,463)
2nd Interim cash dividend for the year ended June 30, 2019 at Rs.2.00 per share i.e. @20%	-	-	-	(76,729)	(76,729)
	-	-	-	(441,192)	(441,192)
Balances as at June 30, 2019	<u>383,645</u>	<u>383,645</u>	<u>3,250,000</u>	<u>1,286,708</u>	<u>5,303,998</u>
Total comprehensive income for the half year ended December 31, 2019	-	-	-	497,712	497,712
<b>Transactions with owners</b>					
Final cash dividend for the year ended June 30, 2019 at Rs.15.00 per share i.e. @150%	-	-	-	(575,467)	(575,467)
<b>Balances as at December 31, 2019</b>	<b><u>383,645</u></b>	<b><u>383,645</u></b>	<b><u>3,250,000</u></b>	<b><u>1,208,953</u></b>	<b><u>5,226,243</u></b>

The notes 1 to 17 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

## Condensed Interim Un-consolidated Statement Of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### Cash Flows (towards)/from Operating Activities

Profit before income tax  
Adjustments for:  
Depreciation  
Provision for defined benefit plan  
Gain on disposal of property, plant and equipment  
Loss on disposal of property, plant and equipment  
Impairment in long term investments  
Provision of allowance for ECL - net  
Provision for slow moving stores, spare parts and loose tools - net  
Investment income - Dividend  
Finance costs

(Rupees in Thousand)	Jul-2019 to Dec-2019	Jul-2018 to Dec-2018
656,010	1,469,130	
170,167	137,460	
31,676	18,559	
(4,294)	(3,403)	
40	33	
25	84	
9,166	394	
3,403	3,135	
(464,625)	(905,100)	
76,946	1,961	
(177,496)	(746,877)	
<b>478,514</b>	<b>722,253</b>	

(Increase)/decrease in current assets:  
Stores, spare parts and loose tools  
Stock in trade  
Trade debts  
Loans and advances  
Trade deposits and short term prepayments  
Other receivables  
Sales tax refund due from Federal Government

(634)	(66,220)
(472,082)	(588,565)
(493,075)	(106,423)
(15,392)	(11,245)
(7,293)	(51,285)
(60,949)	(189,474)
30,957	-
<b>(1,018,468)</b>	<b>(1,013,212)</b>
<b>549,795</b>	<b>626,426</b>
<b>9,841</b>	<b>335,467</b>

Increase in Trade and other payables  
Cash flows from operations before following

(82,265)	857
(505)	30
(4,288)	(2,491)
(47,488)	(1,675)
(166,123)	(85,449)
(28)	(24)
<b>(290,856)</b>	<b>246,715</b>

(Payments for)/receipts of:  
Long term loans  
Long term deposits  
Defined benefit plan  
Finance costs  
Income tax  
Group taxation impact  
Net cash flows (towards)/from operating activities

(1,335,519)	(313,536)
7,855	8,369
(278,895)	(5,039)
464,625	451,500
<b>(1,141,934)</b>	<b>141,294</b>

**Cash Flows (towards)/from Investing Activities**  
Additions in property, plant and equipment  
Proceeds from disposal of property, plant and equipment  
Long term investment made  
Dividend received  
Net cash flows (towards)/from investing activities

979,221	-
(572,425)	(314,221)
406,796	(314,221)
<b>(1,025,994)</b>	<b>73,788</b>
<b>(794,401)</b>	<b>(532,618)</b>
<b>(1,820,395)</b>	<b>(458,830)</b>

**Cash Flows from/(towards) Financing Activities**  
Long term financing - proceed  
Dividend paid  
Net cash flows from/(towards) financing activities

57,657	55,558
(1,878,052)	(514,388)
<b>(1,820,395)</b>	<b>(458,830)</b>

The notes 1 to 17 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

# Notes To The Condensed Interim Un-consolidated Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

## 1 THE COMPANY AND ITS OPERATIONS

- 1.1** The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at the Pakistan Stock Exchange Limited since 1992. The principal business of the Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Company also produces PET Preforms. The registered office of the Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta whereas the plant of the Company is situated at Plot No 441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District Lasbela, Balochistan and Liaison office of the Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.
- 1.2** Following are the wholly own subsidiaries of the Company:
- Gatro Power (Private) Limited, which is engaged in power generation.
  - Global Synthetics Limited, which has yet to commence its operations.
  - G-Pac Energy (Private) Limited, which has yet to commence its operations.

- 1.3** The Board of Directors of the Company in its meeting held on September 30, 2019 has approved the draft Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 in respect of shares owned by the Company in associated company Messrs. Novatex Limited. Accordingly, petition has been filed on November 15, 2019 with the Honorable High Court of Balochistan at Quetta and necessary steps are being taken in view of Order given by the Court. In term of the scheme, all 56.7 million Ordinary Shares of Messrs. Novatex Limited held by the Company shall be cancelled and in lieu of such cancellation new shares in Messrs. Novatex Limited will be issued to the shareholders of the Company, held by the respective shareholder as of the book closure date.

## 2 BASIS OF PREPARATION

- 2.1** These condensed interim un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of International Accounting Standards (IAS) 34, interim financial reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2** These condensed interim un-consolidated financial statements are the separate condensed interim un-consolidated financial statements of the Company in which investments in subsidiaries and associate have been accounted for at cost less accumulated impairment losses, if any.
- 2.3** These condensed interim un-consolidated financial statements are unaudited and do not include all the information and disclosures of the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2019.

**2.4** The figures included in the condensed interim un-consolidated statement of profit or loss for the quarters ended December 31, 2019 and 2018 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2019 and 2018.

**2.5 Changes in accounting standards, interpretations and amendments to published approved accounting standards**

**2.5.1 Amendments to published approved accounting standards which are effective during the half year ended December 31, 2019:**

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2019; however, these do not have any significant impact on these condensed interim un-consolidated financial statements, hence not detailed.

**2.5.2 Standards and amendments to published approved accounting standards that are not yet effective:**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these amendments will not have any significant impact on the financial reporting of the Company, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

**2.6 Functional and reporting currency**

These condensed interim un-consolidated financial statements are presented in Pakistani Rupee (Rupees), which is the Company's functional currency.

**3 ACCOUNTING ESTIMATES AND JUDGEMENTS**

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2019.

**4 SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim un-consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited financial statements as at and for the year ended June 30, 2019.

**5 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets  
Capital work in progress

Note	(Rupees in Thousand)	
	December 2019 (Un-audited)	June 2019 (Audited)
5.1	<b>2,072,682</b>	2,163,271
5.2	<b>1,451,326</b>	196,133
	<b>3,524,008</b>	<b>2,359,404</b>

**5.1 Following are the cost of additions and net book value (NBV) of assets disposed off during the period:**

Additions at cost during the period including transferred from Capital work in progress

	(Rupees in Thousand)	
	Half year ended December 2019	Half year ended December 2018
Plant and machinery	<b>27,605</b>	270,142
Furniture and fixture	-	2,510
Factory equipment	<b>8,201</b>	16,983
Office equipment	-	1,425
Motor vehicles	<b>47,373</b>	36,263
	<b>83,179</b>	327,323
Disposals at NBV during the period		
Plant and machinery	-	1,465
Office equipment	<b>53</b>	-
Motor vehicles	<b>3,548</b>	3,534
	<b>3,601</b>	4,999

**5.2 Capital work in progress**

Balance as at 01st July	<b>196,133</b>	156,577
Additions	<b>1,255,193</b>	256,310
Transfer to Operating fixed assets	-	(270,097)
Balance as at 31st December	<b>1,451,326</b>	142,790

**6 STOCK IN TRADE**

These include finished goods costing Rs.532.316 million (June 2019: Rs.132.461 million) valued at net realisable value of Rs.456.725 million (June 2019: Rs.88.900 million).

**7 SHARE CAPITAL**

	(Number of Shares)		(Rupees in Thousand)	
	December 2019 (Un-audited)	June 2019 (Audited)	December 2019 (Un-audited)	June 2019 (Audited)
<b>7.1 Authorised capital</b>				
<b>95,000,000</b>	95,000,000	Ordinary shares of Rs. 10 each	<b>950,000</b>	950,000
<b>7.2 Issued, subscribed and paid up capital</b>				
<b>30,136,080</b>	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	<b>301,361</b>	301,361
<b>8,228,400</b>	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	<b>82,284</b>	82,284
<b>38,364,480</b>	<u>38,364,480</u>		<b>383,645</b>	<u>383,645</u>

## 8 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- 8.1** The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate has been restrained. In May 2016, The Single Bench of Sindh High Court decided the case in favour of the Petitioners. However, in June 2016, Defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and Messrs. Sui Southern Gas Company Limited (SSGCL) billed @ Rs.600 per MMBTU. However, the Company alongwith others filed a suit in the Sindh High Court on January 19, 2017 against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise the bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court amounting to Rs.47.667 million (June 2019: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2019: Rs.40.194 million). On October 04, 2018, OGRA has issued notification to increase the gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per notification.
- 8.2** In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Company with effect from September 2013. The Company alongwith several other companies filed suit in the Sindh High Court on December 21, 2015 against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, the Company alongwith others filed a suit in the Sindh High Court on January 19, 2017 against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise the bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court (refer note 8.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 2019: Rs.15.977 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.13.629 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued notification to increase the gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per notification.
- 8.3** Provision of Sindh Sales Tax on rent payable to an associated company Messrs. Novatex Limited amounted to Rs.5.683 million (June 2019: Rs.5.369 million). The associated company had file a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated Company. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court.
- 8.4** The Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and

Maintenance of Infrastructure Cess Act, 2017. The Company has also challenged the new Act in the Sindh High Court on October 23, 2017 against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. Till reporting date, the Company has provided bank guarantee amounting to Rs.193.365 million (June 2019: Rs.178.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 9.2). Based on the legal advise, the management believes that the case will be decided in favour of the Company. However, full provision after December 27, 2006 has been made in these condensed interim un-consolidated financial statements as an abundant precaution.

- 8.5** The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendments in SRO 1125(I)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product was not being allowed for adjustment with effect from July 01, 2016 till June 30, 2018. The Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company. However, as an abundant precaution, the Company has made provision of Rs.65.752 million till June 30, 2018, as after that it was allowed for input tax adjustment.

- 8.6** The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. The Company had challenged the restriction so placed before the Islamabad High Court on December 21, 2015 against Federation of Pakistan. The Court has granted interim relief order and allowed the Company to claim input tax adjustment on building material.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company. However, as an abundant precaution, the Company has made provision of Rs.27.636 million (June 2019: Rs.20.792 million).

- 8.7** Provision of Gas Infrastructure Development Cess Rs.7.073 million (June 2019: Rs.6.591 million) and rate difference of gas tariff Rs.1.919 million (June 2019: Rs.1.718 million) on account of common expenses payable to an associated company Messrs. Novatex Limited.

## 9 CONTINGENCIES AND COMMITMENTS

The detail of contingencies and commitments as at reporting date are as follows:

### 9.1 Contingencies

- 9.1.1** FBR initiated action against few customers of the Company for violating/non compliance of the provisions of SRO 1125 dated December 31, 2011 and alleging the Company to provide them assistance and illegal facilitation. The dispute relates to the period of time when supplies were zero rated and as a result of which the Company had to pay Rs.27.762 million and had also to submit post-dated cheques of Rs.83.287 million under protest in favour of Chief Commissioner Inland Revenue.

The Company had, however, challenged the action before the Honorable Sindh High Court on December 23, 2013 against Federation of Pakistan and others. Realizing the facts of the case, circumstances and legal position, the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned post dated cheques has been restrained.

By way of abundant precaution, the amount of Rs.27.762 million has been charged to un-consolidated statement of profit or loss in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

**9.1.2** The Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015 in May 2015, which seeks to impose GIDC levy since 2011. The Company alongwith several other companies filed suit in the Sindh High Court on July 16, 2015 against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Single Bench of Honorable Sindh High Court had decided the case in favour of Petitioners. However, Defendants have filed appeal on November 10, 2016 before the Double Bench of Sindh High Court against only one of the leading petitioner but not against the Company.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Company is confident that the case will be decided in favour of the Petitioners. Total amount of enhanced GIDC upto December 31, 2019 worked out at Rs.154.481 million (June 2019: Rs.145.554 million), however the Company accounted for Rs.115.143 million (June 2019: Rs.106.216 million) pertaining to the period of July 2014 to December 2019 for Captive Power and June 2015 to December 2019 for Industrial as an abundant precaution.

**9.1.3** The Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e. Rs.23.320 million (June 2019: Rs.21.726 million) has been made in these condensed interim un-consolidated financial statements as the Company is confident for the favorable outcome of the Petition.

**9.1.4** The Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders passed by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Company has already deposited Rs.28 million under protest into the Government treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). No provision has been made in these condensed interim un-consolidated financial statements as the Company is confident that the matter will be decided in favour by the appellate authorities.

**9.1.5** Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favour of the Company whereas major issues were decided in favour of the tax department. Based on the judgment of the CIR(A), the revised demand comes out to Rs. 28.2 million. Against the order of the CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and the learned ATIR, vide its judgment dated January 1, 2019 has decided the case in favour of the Company. Based on the said judgment of the ATIR, partial demand of Rs.3.777 million earlier paid by the Company under protest is now refundable. As of now, the tax department has not yet filed appeal against the said judgment of ATIR.

- 9.1.6** Income Tax department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the Tax Year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favour of the Company. Appeal has been filed by the Company as well as the tax department before Appellate Tribunal Inland Revenue, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company.
- 9.1.7** The tax officer alleged the Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) against order of the tax department on the ground that reduced rate was applicable to buyers as those buyers were active and operative at the time of execution of sales transaction. Moreover, the tax department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was filed before Commissioner Inland Revenue (Appeals), which was decided in favours of the Company. Tax Department has not filed an appeal in Appellate Tribunal Inland Revenue till date. The Company has filed sales tax refund application in respect of the impugned demand adjusted by the tax department.
- 9.1.8** The case of the Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the Income Tax return. Subsequently, the tax department against initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue against which the Company has moved rectification application against which rectified order was issued. Moreover, the Company has also filed an appeal before Commissioner Inland Revenue (Appeals) to secure its interest in case rectification application is rejected by the concerned tax officer. Commissioner Inland Revenue (Appeals) has decided the matter partially in favour of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company is not proceeding to file appeal before the Appellate Tribunal Inland Revenue. Tax Department has not filed an appeal in Appellate Tribunal Inland Revenue till date.
- 9.1.9** The Company has filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Company has provided 100% bank guarantee amounting to Rs.15.209 million (refer note 9.2).
- 9.1.10** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million to the Company was disallowed. The Company has challenged the provision of Finance Act, 2019 before the honorable Sindh High Court and has been granted interim relief whereby the Sindh High Court has allowed the Company to claim 10% tax credit on investment in Plant & Machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company, hence has not considered the same as liability.

## 9.2 Guarantees

Bank Guarantees in favour of:

	(Rupees in Thousand)	December 2019 (Un-audited)	June 2019 (Audited)
The Director Excise and Taxation, Karachi	<b>193,365</b>	178,365	
The Electric Inspector, President Licencing Board, Quetta	10	10	
Pakistan State Oil Company Limited	<b>40,000</b>	40,000	
K-Electric Limited	<b>11,560</b>	11,560	
Nazir of the High Court of Sindh, Karachi	<b>15,209</b>	-	

Letters of Credit in favour of:

Sui Southern Gas Company Limited for Gas	<b>32,592</b>	30,992	
	<b>292,736</b>	260,927	

## 9.3 Commitments

The Company's commitments, against which the banks have opened Letters of Credit, in favor of different suppliers, are as follows:

Foreign currency:

Property, plant and equipment	<b>1,222,241</b>	1,046,130
Raw material	93,246	346,064
Spare parts and others	88,438	91,457
	<b>1,403,925</b>	1,483,651

Local currency:

Raw material	<b>110,710</b>	-
Spare parts and others	-	40,161
	<b>110,710</b>	40,161

  

	<b>1,514,635</b>	1,523,812
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Half year ended  
December 2019

Half year ended  
December 2018

## 10 INVESTMENT INCOME - DIVIDEND

From wholly owned subsidiary company -

Messrs. Gatro Power (Private) Limited	<b>67,725</b>	451,500
From associated company - Messrs. Novatex Limited	396,900	453,600
	<b>464,625</b>	905,100

## 11 INCOME TAX

Provision for taxation includes current year provision of Rs.158.740 million (December 2018: Rs.197.333 million), prior year of Rs.0.026 million (December 2018: Rs.3.833 million) and has been net off with tax credit amounting to Rs.Nil (December 2018: Rs.28.823 million) available under section 65B of Income Tax Ordinance, 2001.

## 12 MEASUREMENT OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's certain accounting policies and disclosure requires use of fair value measurement and the Company while assessing fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels:

- Level 1 Inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable inputs for the asset or liability.

As at reporting date the fair value of all the assets and liabilities approximates to their carrying values except property, plant and equipment and long term investments in subsidiaries and associate. The property, plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost, whereas long term investment in subsidiaries and associate carried at cost less accumulated impairment, if any. The Company does not expect that unobservable inputs may have significant effect on fair values.

## 13 SEGMENT REPORTING

### 13.1 Reportable segments

The Company's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material.
- Polyester PET Preforms - it comprises manufacturing of Polyester PET Preforms and its raw material.

Other operating expenses, other income, finance costs and taxation are managed at Company level.

### 13.2 Segment results:

The segment information for the reportable segments for the half year ended December 31, 2019 is as follows:



	(Rupees in Thousand)					
	December 2019			December 2018		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	<u>5,272,509</u>	<u>1,364,808</u>	<u>6,637,317</u>	<u>6,292,933</u>	<u>1,706,348</u>	<u>7,999,281</u>
Segment result before depreciation	353,943	85,436	439,379	577,742	218,089	795,831
Less: Depreciation	(137,711)	(32,456)	(170,167)	(103,680)	(33,780)	(137,460)
Segment result after depreciation	<u>216,232</u>	<u>52,980</u>	<u>269,212</u>	<u>474,062</u>	<u>184,309</u>	<u>658,371</u>
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			269,212			658,371
Other operating expenses			(29,480)			(96,582)
Other income			28,599			4,202
Finance costs			(76,946)			(1,961)
Investment income - Dividend			464,625			905,100
<b>Profit before income tax</b>			<u>656,010</u>			<u>1,469,130</u>

Assets and liabilities by segments are as follows:

	December 2019			June 2019		
	(Un-audited)			(Audited)		
Segment assets	<u>6,743,340</u>	<u>2,356,962</u>	<u>9,100,302</u>	<u>4,280,373</u>	<u>2,702,702</u>	<u>6,983,075</u>
Segment liabilities	<u>1,694,867</u>	<u>307,412</u>	<u>2,002,279</u>	<u>723,986</u>	<u>510,631</u>	<u>1,234,617</u>

Reconciliation of segments assets and liabilities with total in the condensed interim un-consolidated statement of financial position is as follows:

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	9,100,302	2,002,279	6,983,075	1,234,617
Unallocated	2,134,920	4,006,700	1,766,968	2,211,428
<b>Total as per condensed interim un-consolidated statement of financial position</b>	<u>11,235,222</u>	<u>6,008,979</u>	<u>8,750,043</u>	<u>3,446,045</u>

Other segment information is as follows:

	December 2019			December 2018		
Depreciation	<u>137,711</u>	<u>32,456</u>	<u>170,167</u>	<u>103,680</u>	<u>33,780</u>	<u>137,460</u>
Capital expenditures incurred during the period	1,302,548	2,975	1,305,523	298,928	6,512	305,440
Unallocated capital expenditure incurred during the period			29,996			8,096
<b>Total</b>			<u>1,335,519</u>			<u>313,536</u>

**13.3** 99.39% (December 2018 : 99.27%) out of total sales of the Company relates to customers in Pakistan.

**13.4** All non-current assets of the Company as at December 31, 2019 are located in Pakistan.

**13.5** The Company does not have transaction with any external customer which amount to 10 percent or more of the Company's revenue.

#### **14 TRANSACTIONS WITH RELATED PARTIES**

The related parties include Subsidiaries, Associate and Other Related Group Companies, Key Management Personnel and Defined Contribution Plans (Provident Funds). The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Contributions to defined contribution plan (Provident Funds) are made as per the terms of employment. Remuneration of Key Management Personnel is in accordance with their terms of engagements. Details of transactions with related parties are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half year ended December 2019	Half year ended December 2018
Gatrol Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power Dividend income Plant operation arrangement Reimbursement of expenses	<b>942,109</b> <b>67,725</b> <b>18,000</b> <b>382</b>	934,924 451,500 18,000 847
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Investment made Subscriptions money against issuance of shares Long term loan	<b>5,500</b>  <b>244,490</b> <b>112,419</b>	10  5,029 -
Novatex Limited	Associated Company	Common directorship	Sales of goods Obtaining of services Purchase of raw material Dividend income Rent Reimbursement of expenses	<b>75,043</b> <b>294,322</b> <b>38</b> <b>396,900</b> <b>10,474</b> <b>92,109</b>	- 332,489 - 453,600 9,242 83,877
Krystalite Product (Private) Limited	Related Party	Common management	Sale of goods Reimbursement of expenses	<b>101,251</b> -	231,034 292
Mushtaq & Company (Private) Limited	Related Party	Common management	Sale of goods	<b>9,955</b>	50,833
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend Charges on account of handling	<b>24,306</b> <b>3,367</b>	13,368 3,404
Gatron Foundation	Related Party	Common directorship	Payment of donation	<b>4,220</b>	1,385



Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half year ended December 2019	Half year ended December 2018
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Contribution made	12,264	10,678
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Contribution made	1,891	1,941

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.160.602 million (December 2018: Rs.130.368 million).

The above figures are exclusive of sales tax, where applicable.

**Outstanding balances, as at reporting date, are disclosed as follows:**

		(Rupees in Thousand)	
		As at December 31, 2019 (Un-audited)	As at June 30, 2019 (Audited)
Gatrol Power (Private) Limited			
Other receivables		3,057	3,071
Trade and other payables		898,887	37,951
Novatex Limited			
Trade deposits and short term prepayments		10,474	-
Other receivables		17,142	11,961
Trade and other payables		14,675	13,678
Krystalite Product (Private) Limited			
Trade debts		58,122	87,212
Other receivables		-	87
Mushtaq & Company (Private) Limited			
Trade debts		36,128	24,633
Gani & Tayub (Private) Limited			
Trade and other payables		595	909
Gatron (Industries) Limited Staff Provident Fund			
Trade and other payables		4,227	3,676
Gatron (Industries) Limited Workers Provident Fund			
Trade and other payables		251	571

#### **15 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors, in its meeting held on January 15, 2020, has recommended interim cash dividend of Rs.12.50 per share. Since it is a non adjusting event, the condensed interim un-consolidated financial statements for the period ended December 31, 2019 do not include the effect of the recommended interim cash dividend.

#### **16 DATE OF AUTHORISATION**

These condensed interim un-consolidated financial statements were authorised for issue on January 15, 2020 by the Board of Directors of the Company.

#### **17 GENERAL**

**17.1** Charge for Workers' Profit Participation Fund, Workers' Welfare Fund, Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

**17.2** Figures have been rounded off to the nearest thousand of Rupees.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



**Gatron (Industries) Limited  
and Subsidiary Companies**

**Condensed Interim Consolidated  
Financial Statements  
For the Half Year ended  
December 31, 2019**



## Directors' Report

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the un-audited Condensed Interim Consolidated Financial Statements of the Group for the half year ended December 31, 2019.

### The Group

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e. Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited.

During the period operations of wholly owned subsidiary Messrs. Gatro Power (Private) Limited remained below par due to increase in gas prices. In coming periods supply rate to Parent Company may be increased to cover escalation in power generation cost. This subsidiary company paid cash dividends amounting to Rs.67.725 million during the period.

M/s. Global Synthetics Limited has not yet commenced its operations till date.

It is expected that M/s. G-Pac Energy (Private) Limited will start its operations in the next financial year.

### CONSOLIDATED FINANCIALS

(Pak Rupees in Thousand)

#### Operating results for the half year ended December 31, 2019

Profit before share of profit in associated company	288,512
Share of profit after income tax in associated company	1,142,360
Profit before income tax	1,430,872
Income Tax	269,220
Profit after income tax	1,161,652
Un- appropriated Profit brought forward	8,426,484
Un- appropriated Profit carried forward	9,004,069

#### State of Affairs as on December 31, 2019

Property, Plant and Equipment	5,156,782
Other non-current assets	9,171,836
Current assets	7,268,466
Total assets	21,597,084
Deduct:	
Non-current liabilities	2,797,653
Current liabilities	5,493,072
Total liabilities	8,290,725
Net assets financed by shareholders' equity	13,306,359

**Pir Muhammad Diwan**  
Chief Executive

**Muhammad Iqbal Bilwani**  
Director

January 15, 2020

## گروپ کے جامع مالیاتی گوشواروں پر ڈاٹریکٹر کی رپورٹ

معزز ممبران،

میسرز گیرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹر کی جانب سے ہم 31 دسمبر، 2019ء کو ختم شدہ ششماہی مدت کیلئے گروپ ہنڈا کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے مسروت پیش کر رہے ہیں۔

### گروپ:

یہ گروپ میسرز گیرون (انڈسٹریز) لمیٹڈ اور اس کے مکمل ماتحت اداروں میسرز گیٹر پاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سینٹھیک لمیٹڈ اور میسرز جی پیک ایز جی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔

زیر جائزہ مدت کے دوران مکمل ملکیتی ماتحت ادارہ میسرز گیٹر پاور (پرائیوٹ) لمیٹڈ کے آپریشنر گیس کی قیتوں میں اضافے کی وجہ سے نچالی سطح پر رہے۔ آنے والی مدتلوں میں پیرنٹ کمپنی کو سپلائی کی نرخ میں مزید اضافہ کیا جا سکتا ہے تاکہ بھلی کی پیداواری لاگت میں اضافہ وصول ہو سکے۔ زیر جائزہ مدت کے دوران اس مکمل ملکیتی ماتحت ادارے نے 67.725 ملین روپے کے نقد مافع مختصہ کی ادائیگی کی۔

میسرز گلوبل سینٹھیکس لمیٹڈ نے ابھی تک اپنے آپریشنز شروع نہیں کئے۔

امید ہے کہ میسرز جی پیک ایز جی (پرائیوٹ) لمیٹڈ اپنے آپریشنز آئندہ مالی سال میں شروع کر گی۔

### جامع مالیات:

(روپے ہزار 000)		آپریشنز نتائج برائے ششماہی مدت تک تھی 31 دسمبر، 2019ء
288,512		منافع قبل از ہبھیں، منافع من شملکہ کی پیشان
1,142,360		منافع من شملکہ کی پیشان بعد از اکمیکس
1,430,872		منافع قبل از اکمیکس
269,220		اکمیکس
1,161,652		منافع بعد از اکمیکس
8,426,484		غیر منصرف منافع گرختہ (Un-appropriated profit brought forward)
9,004,069		غیر منصرف منافع حاصل (Un-appropriated profit carried forward)
		31 دسمبر، 2019ء تک معاملات کی صورتحال
5,156,782		املاک، پلانٹ اور مکانوں پر مشتمل
9,171,836		وگر پائیدار اثاثجات
7,268,466		بدل پذیر اثاثجات
21,597,084		کل اثاثجات
		کٹوتی :
2,797,653		پائیدار واجبات
5,493,072		بدل پذیر واجبات
8,290,725		کل واجبات
13,306,359		خاص اثاثجات ادا شدہ منحانہ ایکوئی بایدھ صص یا نگان

محمد اقبال بلوانی  
ڈائریکٹر

پیر محمد یو ان  
افسر اعلیٰ

15 جنوری، 2020ء



## Condensed Interim Consolidated Statement Of Financial Position

AS AT DECEMBER 31, 2019

	Note	(Rupees in Thousand)	
		December 2019 (Un-audited)	June 2019 (Audited)
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, plant and equipment	5	<b>5,156,782</b>	3,239,252
Long term investment		<b>9,168,417</b>	8,432,060
Long term loans		<b>191</b>	99
Long term deposits		<b>3,228</b>	2,723
		<b>14,328,618</b>	11,674,134
<b>Current Assets</b>			
Stores, spare parts and loose tools	6	<b>966,578</b>	942,242
Stock in trade	14	<b>3,312,861</b>	2,840,779
Trade debts	14	<b>2,012,470</b>	1,528,561
Loans and advances		<b>116,061</b>	79,492
Trade deposits and short term prepayments	14	<b>79,940</b>	65,849
Other receivables	14	<b>335,902</b>	247,302
Income tax refundable - payments less provision		<b>88,167</b>	-
Advance income tax		<b>-</b>	116,273
Sales tax refund due from Federal Government		<b>111,418</b>	142,375
Cash and bank balances		<b>245,069</b>	1,381,563
		<b>7,268,466</b>	7,344,436
<b>TOTAL ASSETS</b>		<b>21,597,084</b>	19,018,570
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	<b>383,645</b>	383,645
Capital reserve - share premium		<b>383,645</b>	383,645
General reserve		<b>3,535,000</b>	3,535,000
Unappropriated profit		<b>9,004,069</b>	8,426,484
		<b>13,306,359</b>	12,728,774
<b>LIABILITIES</b>			
<b>Non - Current Liabilities</b>			
Long term financing	8	<b>1,105,761</b>	126,540
Deferred liabilities		<b>1,691,892</b>	1,554,370
		<b>2,797,653</b>	1,680,910
<b>Current Liabilities</b>			
Trade and other payables	9 & 14	<b>3,557,543</b>	3,698,476
Unclaimed dividend		<b>19,435</b>	16,393
Accrued mark up		<b>38,042</b>	8,584
Short term borrowings		<b>1,878,052</b>	864,718
Provision for income tax less payments		<b>-</b>	20,715
		<b>5,493,072</b>	4,608,886
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,597,084</b>	19,018,570

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

## Condensed Interim Consolidated Statement Of Profit Or Loss (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	Note	Oct-2019 to Dec-2019	Oct-2018 to Dec-2018	Jul-2019 to Dec-2019	Jul-2018 to Dec-2018
Sales		<b>3,211,342</b>	4,173,520	<b>6,637,317</b>	7,999,281
Cost of sales		<b>2,914,093</b>	3,802,690	<b>6,036,712</b>	6,928,894
<b>Gross profit</b>		<b>297,249</b>	370,830	<b>600,605</b>	1,070,387
Distribution and selling costs		<b>37,890</b>	34,812	<b>79,691</b>	83,595
Administrative expenses		<b>82,028</b>	76,804	<b>150,951</b>	129,134
Other operating expenses		<b>15,218</b>	53,810	<b>30,087</b>	99,763
		<b>135,136</b>	165,426	<b>260,729</b>	312,492
		<b>162,113</b>	205,404	<b>339,876</b>	757,895
Other income		<b>4,043</b>	1,817	<b>26,375</b>	4,401
<b>Operating profit</b>		<b>166,156</b>	207,221	<b>366,251</b>	762,296
Finance costs		<b>57,907</b>	973	<b>77,739</b>	2,164
		<b>108,249</b>	206,248	<b>288,512</b>	760,132
Share of profit after income tax in associated company		<b>565,514</b>	1,015,286	<b>1,142,360</b>	2,015,431
<b>Profit before income tax</b>		<b>673,763</b>	1,221,534	<b>1,430,872</b>	2,775,563
Income tax - Current & prior - Deferred	11	<b>48,207</b>	109,266	<b>158,766</b>	172,343
		<b>84,828</b>	97,288	<b>110,454</b>	242,545
		<b>133,035</b>	206,554	<b>269,220</b>	414,888
<b>Profit after income tax</b>		<b>540,728</b>	1,014,980	<b>1,161,652</b>	2,360,675
<b>Earnings per share -</b>					
<b>Basic and diluted ( Rupees )</b>		<b>14.09</b>	26.46	<b>30.28</b>	61.53

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

## Condensed Interim Consolidated Statement Of Comprehensive Income (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	(Rupees in Thousand)			
	Oct-2019 to Dec-2019	Oct-2018 to Dec-2018	Jul-2019 to Dec-2019	Jul-2018 to Dec-2018
Profit after income tax	<b>540,728</b>	1,014,980	<b>1,161,652</b>	2,360,675
Other comprehensive income				
<i>Items that will never be reclassified to profit or loss</i>				
Gain on remeasurement of defined benefit plan having nil tax impact	503	-	503	-
Share of other comprehensive loss of associate - net of tax	-	-	(2,919)	(2,768)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Share of other comprehensive (loss)/income of associate - net of tax	-	-	(6,184)	1,831
	<b>503</b>	-	<b>(8,600)</b>	(937)
Total comprehensive income	<b>541,231</b>	<b>1,014,980</b>	<b>1,153,052</b>	<b>2,359,738</b>

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



## Condensed Interim Consolidated Statement Of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
(Rupees in Thousand)					
Balances as at July 01, 2018	383,645	383,645	2,360,000	6,669,762	9,797,052
Total comprehensive income for the half year ended December 31, 2018	-	-	-	2,359,738	2,359,738
Transfer to General reserve	-	-	1,175,000	(1,175,000)	-
<b>Transactions with owners</b>					
Final cash dividend for the year ended June 30, 2018 at Rs.8.25 per share i.e. @82.50%	-	-	-	(316,507)	(316,507)
Balances as at December 31, 2018	383,645	383,645	3,535,000	7,537,993	11,840,283
Total comprehensive income for the half year ended June 30, 2019	-	-	-	1,329,683	1,329,683
<b>Transactions with owners</b>					
1st interim cash dividend for the year ended June 30, 2019 at Rs.9.50 per share i.e. @95%	-	-	-	(364,463)	(364,463)
2nd interim cash dividend for the year ended June 30, 2019 at Rs.2.00 per share i.e. @20%	-	-	-	(76,729) (441,192)	(76,729) (441,192)
Balances as at June 30, 2019	383,645	383,645	3,535,000	8,426,484	12,728,774
Total comprehensive income for the half year ended December 31, 2019	-	-	-	1,153,052	1,153,052
<b>Transactions with owners</b>					
Final cash dividend for the year ended June 30, 2019 at Rs.15.00 per share i.e. @150%	-	-	-	(575,467)	(575,467)
<b>Balances as at December 31, 2019</b>	<b>383,645</b>	<b>383,645</b>	<b>3,535,000</b>	<b>9,004,069</b>	<b>13,306,359</b>

(1) Included in un-appropriated profit, is a sum of Rs.8,601.417 million, representing proportionate share in un-appropriated profit of an associated company Messrs. Novatek Limited upto September 30, 2019, which is not available for distribution to the shareholder of the Parent Company, until realised.

(2) The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

# Condensed Interim Consolidated Statement Of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

## Cash Flows (towards)/from Operating Activities

Profit before income tax  
Adjustments for:  
Depreciation  
Provision for defined benefit plan  
Gain on disposal of property, plant and equipment  
Loss on disposal of property, plant and equipment  
Provision of allowance for ECL - net  
Provision for slow moving stores, spare parts and loose tools - net  
Share of profit after income tax in associated company  
Finance costs

(Rupees in Thousand)  
Jul-2019  
to  
Dec-2019

1,430,872 2,775,563

Jul-2018  
to  
Dec-2018

226,989	188,557
31,859	18,678
(4,294)	(3,403)
40	33
9,166	394
3,879	5,102
(1,142,360)	(2,015,431)
77,739	2,164
(796,982)	(1,803,906)
<b>633,890</b>	<b>971,657</b>

(Increase)/decrease in current assets:  
Stores, spare parts and loose tools  
Stock in trade  
Trade debts  
Loans and advances  
Trade deposits and short term prepayments  
Other receivables  
Sales tax refund due from Federal Government

(28,215)	(60,446)
(472,082)	(588,565)
(493,075)	(106,423)
(35,096)	(4,443)
(14,091)	(59,972)
(88,600)	(187,288)
30,957	-
(1,100,202)	(1,007,137)
(159,706)	(105,454)
<b>(626,018)</b>	<b>(140,934)</b>

Decrease in Trade and other payables  
Cash flows towards operations before following

(1,565)	857
(505)	30
(4,288)	(2,491)
(48,281)	(1,878)
(168,963)	(85,477)
<b>(849,620)</b>	<b>(229,893)</b>

## Cash Flows (towards)/from Investing Activities

Additions in property, plant and equipment  
Proceeds from disposal of property, plant and equipment  
Dividend received from associated company  
Net cash flows towards investing activities

(2,111,759)	(448,939)
7,855	8,369
396,900	-
<b>(1,707,004)</b>	<b>(440,570)</b>

## Cash Flows from/(towards) Financing Activities

Long term financing - proceed  
Dividend paid  
Net cash flows from/(towards) financing activities  
**Net decrease in cash and cash equivalents**  
**Cash and cash equivalents at the beginning of the period**  
**Cash and cash equivalents at the end of the period**

979,221	-
(572,425)	(314,221)
<b>406,796</b>	<b>(314,221)</b>
(2,149,828)	(984,684)
516,845	797,600
<b>(1,632,983)</b>	<b>(187,084)</b>

## CASH AND CASH EQUIVALENTS COMPRIZE OF :

Cash and bank balances  
Short term borrowings

245,069	327,304
(1,878,052)	(514,388)
<b>(1,632,983)</b>	<b>(187,084)</b>

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

# Notes To The Condensed Interim Consolidated Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

## 1 THE GROUP AND ITS OPERATIONS

The Group consists of :

- Gatron (Industries) Limited
- Gatro Power (Private) Limited
- Global Synthetics Limited
- G-Pac Energy (Private) Limited

The Parent Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at the Pakistan Stock Exchange Limited since 1992. The principal business of the Parent Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Parent Company also produces PET Preforms. The registered office of the Parent Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta whereas the plant of the Parent Company is situated at Plot No.441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District Lasbela, Balochistan and liaison office of the Parent Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

Gatro Power (Private) Limited is a wholly owned subsidiary of Gatron (Industries) Limited. The principal business of the Subsidiary Company is to generate and sale electric power. The registered office of the Subsidiary Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta. The plant of the Subsidiary Company is situated at Plot No.441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District Lasbela, Balochistan and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The registered office of the Subsidiary Company is situated at Room No.50, 2nd Floor, Ahmed Complex, Jinnah Road, Quetta and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

G-Pac Energy (Private) Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The principal business of the Subsidiary Company is to generate and sale electric power. The registered office of the Subsidiary Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

## 2 BASIS OF PREPARATION

- 2.1** These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of International Accounting Standards (IAS) 34, interim financial reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended June 30, 2019.

**2.3 Changes in accounting standards, interpretations and amendments to published approved accounting standards**

**2.3.1 Amendments to published approved accounting standards which are effective during the half year ended December 31, 2019:**

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2019; however, these do not have any significant impact on these condensed interim consolidated financial statements, hence not detailed.

**2.3.2 Standards and amendments to published approved accounting standards that are not yet effective:**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2020. However, these amendments will not have any significant impact on the financial reporting of the Group, therefore, have not been disclosed in these condensed interim consolidated financial statements.

**2.4 Functional and reporting currency**

These condensed interim consolidated financial statements are presented in Pakistani Rupee (Rupees), which is the Group's functional currency.

**3 ACCOUNTING ESTIMATES AND JUDGEMENTS**

Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements were the same as those applied to the audited consolidated financial statements as at and for the year ended June 30, 2019.

**4 SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited consolidated financial statements as at and for the year ended June 30, 2019.

Note	(Rupees in Thousand)	
	December 2019 (Un-audited)	June 2019 (Audited)

**5 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	5.1	<b>2,893,083</b>	2,973,233
Capital work in progress	5.2	<b>2,263,699</b>	266,019
		<b>5,156,782</b>	3,239,252

**5.1 Following are the cost of additions and net book value (NBV) of assets disposed off during the period:**

Additions at cost during the period including transferred from Capital work in progress

	Half year ended December 2019	Half year ended December 2018
Plant and machinery	<b>94,866</b>	361,174
Furniture and fixture	-	2,510
Factory equipment	<b>8,201</b>	17,756
Office equipment	-	1,425
Motor vehicles	<b>47,373</b>	36,263
	<b>150,440</b>	419,128
Disposals at NBV during the period		
Plant and machinery	-	1,465
Office equipment	<b>53</b>	-
Motor vehicles	<b>3,548</b>	3,534
	<b>3,601</b>	4,999

**5.2 Capital work in progress**

Balance as at 01st July	<b>266,019</b>	187,829
Additions	<b>2,064,941</b>	392,053
Transfer to Operating fixed assets	<b>(67,261)</b>	(361,076)
Balance as at 31st December	<b>2,263,699</b>	218,806

**6 STOCK IN TRADE**

These include finished goods costing Rs.532.316 million (June 2019: Rs.132.461 million) valued at net realisable value of Rs.456.725 million (June 2019: Rs.88.900 million).

**7 SHARE CAPITAL**

	(Number of Shares)		(Rupees in Thousand)	
	December 2019 (Un-audited)	June 2019 (Audited)	December 2019 (Un-audited)	June 2019 (Audited)
<b>7.1 Authorised capital</b>				
<b>95,000,000</b>	95,000,000	Ordinary shares of Rs. 10 each	<b>950,000</b>	950,000
<b>7.2 Issued, subscribed and paid up capital</b>				
<b>30,136,080</b>	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	<b>301,361</b>	301,361
<b>8,228,400</b>	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	<b>82,284</b>	82,284
<b>38,364,480</b>	<b>38,364,480</b>		<b>383,645</b>	<b>383,645</b>

(Rupees in Thousand)

December 2019 (Un-audited)	June 2019 (Audited)
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## 8 DEFERRED LIABILITIES

Income tax - net	1,290,213	1,179,759
Defined benefit plan	401,679	374,611
	<u>1,691,892</u>	<u>1,554,370</u>

## 9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- 9.1** The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate has been restrained. In May 2016, The Single Bench of Sindh High Court decided the case in favour of the Petitioners. However, in June 2016, Defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and Messrs. Sui Southern Gas Company Limited (SSGCL) billed @ Rs.600 per MMBTU. However the Group alongwith others filed a suit in the Sindh High Court on January 19, 2017 against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs.316.797 million (June 2019: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2019: Rs.159.264 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Group is paying full amount of the gas bills as per this notification.
- 9.2** In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. The Group alongwith several other companies filed suit in the Sindh High Court on December 21, 2015 against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However the Group alongwith others filed a suit in the Sindh High Court on January 19, 2017 against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court (refer note 9.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 2019: Rs.287.907 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.240.238 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Group is paying full amount of the gas bills as per this notification.
- 9.3** Provision of Sindh Sales Tax on rent payable by the Parent Company to an associated company Messrs. Novatex Limited amounted to Rs.5.683 million (June 2019: Rs.5.369 million). The associated company had file a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated company. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court.

- 9.4** The Parent Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Parent Company has also challenged the new Act in the Sindh High Court on October 23, 2017 against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.193.365 million (June 2019: Rs.178.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 10.2). Based on the legal advise, the management believes that the case will be decided in favour of the Parent Company. However, full provision after December 27, 2006 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed a petition in the Sindh High Court on April 13, 2018 against Province of Sindh and others at Karachi challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs. 7.500 million (June 2019: Rs. 7.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 10.2). Based on the legal advise, the management believes that the case will be decided in favour of the Subsidiary Company. However, full provision after April 13, 2018 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. G-Pac Energy (Private) Limited has filed a petition in the Sindh High Court at Karachi on June 24, 2019 against Province of Sindh and others challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. Till reporting date, the Company has provided bank guarantee amounting to Rs.2.500 million (June 2019: Rs. Nil) in favour of Excise and Taxation Department, in respect of consignments cleared (refer note 10.2). Based on the legal advise, the management believes that the case will be decided in favour of the Subsidiary Company. However, full provision has been made in these condensed interim consolidated financial statements as an abundant precaution.

- 9.5** The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendments in SRO 1125(I)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product was not being allowed for adjustment with effect from July 01, 2016 till June 30, 2018. The Parent Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.65.752 million till June 30, 2018, as after that it was allowed for input tax adjustment.

- 9.6** The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. The Parent Company had challenged the restriction so placed before the Islamabad High Court on December 21, 2015 against Federation of Pakistan. The Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment on building material.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.27.636 million (June 2019: Rs.20.792 million).

- 9.7** Provision of Gas Infrastructure Development Cess Rs.7.073 million (June 2019: Rs.6.591 million) and rate difference of gas tariff Rs.1.919 million (June 2019: Rs.1.718 million) on account of common expenses payable by the Parent Company to an associated company Messrs. Novatex Limited.

## 10 CONTINGENCIES AND COMMITMENTS

The detail of contingencies and commitments as at reporting date are as follows:

### 10.1 Contingencies

- 10.1.1** The Subsidiary Company Messrs. Gatro Power (Private) Limited has not made any provision in respect of Workers' Profit Participation Fund on the ground that there is no worker as defined in The Companies Profits (Workers' Participation) Act, 1968 and accordingly, the said Act does not apply to the Subsidiary Company. The management of the Subsidiary Company is confident that no liability will arise on this account.

- 10.1.2** FBR initiated action against few buyers of the Parent Company for violating/non compliance of the provisions of SRO 1125 dated December 31, 2011 and alleging the Parent Company to provide them assistance and illegal facilitation. The dispute relates to the period of time when supplies were zero rated and as a result of which the Parent Company had to pay Rs.27.762 million and had also to submit post-dated cheques of Rs.83.287 million under protest in favour of Chief Commissioner Inland Revenue.

The Parent Company had, however, challenged the action before the Honorable Sindh High Court on December 23, 2013 against Federation of Pakistan and others. Realizing the facts of the case, circumstances and legal position, the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned post dated cheques has been restrained.

By way of abundant precaution, the amount of Rs.27.762 million has been charged to consolidated statement of profit or loss in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

- 10.1.3** The Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015 in May 2015, which seeks to impose GIDC levy since 2011. The Group alongwith several other companies filed suit in the Sindh High Court on July 16, 2015 against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Single Bench of Honorable Sindh High Court had decided the case in favour of Petitioners. However, Defendants have filed appeal on November 10, 2016 before the Double Bench of Sindh High Court against only one of the leading petitioner but not against the Group.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Group is confident that the case will be decided in favour of the petitioners. Total amount of enhanced GIDC upto December 31, 2019 worked out at Rs.1,659.813 million (June 2019: Rs.1,513.241 million), however the Group accounted for Rs.1,457.799 million (June 2019: Rs.1,311.227 million) pertaining to the period of July 2014 to December 2019 for Captive Power and June 2015 to December 2019 for Industrial as an abundant precaution.

- 10.1.4** The Parent Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Parent Company. No provision of the amount involved i.e. Rs.23.320 million (June 2019: Rs.21.726 million) has been made in these consolidated financial statements as the Parent Company is confident for the favorable outcome of the Petition.
- 10.1.5** The Parent Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders passed by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Parent Company has already deposited Rs.28 million under protest into the Government treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). No provision has been made in these consolidated financial statements as the Parent Company is confident that the matter will be decided in favour by the appellate authorities.
- 10.1.6** Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favour of the Parent Company whereas major issues were decided in favour of the tax department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. Against the order of the CIR(A), the Parent Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and the learned ATIR, vide its judgment dated January 1, 2019 has decided case in favour of the Parent Company. Based on the said judgment of the ATIR, partial demand of Rs.3.777 million earlier paid by the Company under protest is now refundable. As of now, the tax department has not yet filed appeal against the said judgment of ATIR.
- 10.1.7** Income Tax department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the Tax Year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favour of the Parent Company. Appeal has been filed by the Parent Company as well as the tax department before Appellate Tribunal Inland Revenue, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company.
- 10.1.8** The tax officer alleged the Parent Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Parent Company has filed an appeal before Commissioner Inland Revenue (Appeals) against order of the tax department on the ground that reduced rate was applicable to buyers as those buyers were active and operative at the time of execution of sales transaction. Moreover, the tax department has adjusted the impugned demand with sales tax refunds available with the Parent Company. Appeal was filed before Commissioner Inland Revenue (Appeals), which was decided in favours of the Parent Company. Tax Department has not filed an appeal in Appellate Tribunal Inland Revenue till date. The Parent Company has filed sales tax refund application in respect of the impugned demand adjusted by the tax department.

- 10.1.9** The case of the Parent Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the Income Tax return. Subsequently, the tax department against initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue against which the Parent Company has moved rectification application against which rectified order was issued. Moreover, the Parent Company has also filed an appeal before Commissioner Inland Revenue (Appeals) to secure its interest in case rectification application is rejected by the concerned tax officer. Commissioner Inland Revenue (Appeals) has decided the matter partially in favour of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company is not proceeding to file appeal before the Appellate Tribunal Inland Revenue. Tax Department has not filed an appeal in Appellate Tribunal Inland Revenue till date.
- 10.1.10** The Parent Company has filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Parent Company has provided 100% bank guarantee amounting to Rs.15.209 million (refer note 10.2).
- 10.1.11** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million to the Parent Company was disallowed. The Parent Company has challenged the provision of Finance Act, 2019 before the honorable Sindh High Court and has been granted interim relief whereby the Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in Plant & Machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company, hence has not considered the same as liability.
- 10.1.12** The tax officer disallowed input sales tax amounting to Rs.0.042 million, claimed by the Subsidiary Company Messrs. Gatro Power (Private) Limited on building materials used for installation of plant and machinery for tax period February 2017. An appeal was filed against the said order before the CIR(A). The learned CIR(A) has remanded back the case to the tax officer with specific directions to first ascertain whether the building material was used for installation of plant and machinery or for any other purpose. In case the same was used for installation of plant and machinery then the tax officer has been directed to allow claim for the same. The Subsidiary Company has submitted documents evidencing usage of the said building material for installation of plant and machinery, however, the officer has not yet reverted back, moreover, the tax department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against allowance of input tax adjustment on building material used for installation of plant and machinery. No provision has been made in these condensed interim consolidated financial statements as the management is hopeful for a favourable outcome.
- 10.1.13** The tax officer through another order again disallowed input sales tax amounting to Rs.0.109 million, claimed by the Subsidiary Company Messrs. Gatro Power (Private) Limited on building materials used for installation of Plant and machinery for tax period February 2017. The Subsidiary Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals), which is pending for hearing.

**10.1.14** Tax department initiated monitoring of withholding proceedings against the Subsidiary Company Messrs. Gatro Power (Private) Limited for tax year 2011 wherein demand of Rs.47.408 million including default surcharge and penalty was raised on account of intercorporate dividend paid to Parent Company. The Subsidiary Company had filed an appeal before Commissioner Inland Revenue (Appeals) against order of the tax department which was decided in favour of the Subsidiary Company on ground of the order being time barred whereas on other grounds the appeal was dismissed. Accordingly, both the Subsidiary Company as well as the tax department have filed an appeal before the Appellate Tribunal Inland Revenue, which is pending at present. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Subsidiary Company.

**10.1.15** Tax department raised demand of Rs.14.101 million and Rs.103.346 million against the Subsidiary Company Messrs. Gatro Power (Private) Limited on the basis of order passed for monitoring of tax withholding for tax years 2014 and 2015 respectively. Appeal was filed before the Commissioner Inland Revenue (Appeals), which was decided in favour of the Subsidiary Company. However, tax department has filed appeals before Appellate Tribunal Inland Revenue, hearing of which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Subsidiary Company.

(Rupees in Thousand)		
December 2019 (Un-audited)	June 2019 (Audited)	

### 10.2 Guarantees

Bank Guarantees in favour of:

The Director Excise and Taxation, Karachi	<b>203,365</b>	185,865
The Electric Inspector, President Licensing Board, Quetta	10	10
Pakistan State Oil Company Limited	40,000	40,000
K-Electric Limited	11,560	11,560
Nazir of the High Court of Sindh, Karachi	15,209	-

Letters of Credit in favour of:

Sui Southern Gas Company Limited for Gas	<b>244,592</b>	163,992
	<b>514,736</b>	401,427

### 10.3 Commitments

The Group's commitments, against which the banks have opened Letters of Credit, in favor of different suppliers, are as follows:

Foreign currency:

Property, plant and equipment	<b>1,222,241</b>	1,596,780
Raw material	93,246	346,064
Spare parts and others	91,534	94,321
	<b>1,407,021</b>	2,037,165

Local currency:

Raw material	<b>110,710</b>	-
Spare parts and others	-	40,161
	<b>110,710</b>	40,161
	<b>1,517,731</b>	2,077,326

## 11 INCOME TAX

Provision for taxation includes current year provision of Rs.158.740 million (December 2018: Rs.197.333 million), prior year of Rs.0.026 million (December 2018: Rs.3.833 million) and has been net off with tax credit amounting to Rs.Nil (December 2018: Rs.28.823 million) available under section 65B of Income Tax Ordinance, 2001.

## 12 MEASUREMENT OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's certain accounting policies and disclosure requires use of fair value measurement and the Group while assessing fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels:

Level 1 Inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

Level 2 Inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

As at reporting date, the fair value of all the assets and liabilities approximates to their carrying values except property, plant and equipment. The property, plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values.

## 13 SEGMENT REPORTING

### 13.1 Reportable segments

The Group's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material.
- Polyester PET Preform - it comprises manufacturing of Polyester PET Preform and its raw material. This includes the results of Subsidiary Company Messrs. Global Synthetics Limited, which has not yet commenced its operations till date.
- Electric Power generation - it comprises operations of Subsidiary Companies Messrs. Gatro Power (Private) Limited and Messrs. G-Pac Energy (Private) Limited.

Other operating expenses, other income, finance costs and taxation are managed at Group level.



### 13.2 Segment results:

The segment information for the reportable segments for the half year ended December 31, 2019 is as follows:

	(Rupees in Thousand)									
	December 2019					December 2018				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Sales	5,272,509	1,364,808	6,637,317	942,109	7,579,426	6,292,933	1,706,348	7,999,281	934,924	8,934,205
Segment result before depreciation	353,943	85,435	439,378	157,574	596,952	577,742	218,088	795,830	250,385	1,046,215
Less: Depreciation	(137,711)	(32,456)	(170,167)	(56,822)	(226,989)	(103,680)	(33,780)	(137,460)	(51,097)	(188,557)
Segment result after depreciation	216,232	52,979	269,211	100,752	369,963	474,062	184,308	658,370	199,288	857,658

Reconciliation of segment sales and results with sales and profit before income tax:

Total sales for reportable segments	7,579,426	8,934,205
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited	(942,109)	(934,924)
<b>Sales</b>	<b>6,637,317</b>	<b>7,999,281</b>
Total results for reportable segments	269,211	658,370
Other operating expenses	(29,504)	(96,582)
Other income	28,599	4,202
Finance costs	(76,946)	(1,961)
Investment income - Dividend	464,625	905,100
Share of profit after income tax in associated company Messrs. Novatek Limited	1,142,360	2,015,431
	655,985	1,469,129
Elimination of intra group transaction	97,127	196,019
<b>Profit before income tax</b>	<b>(464,600)</b>	<b>(905,016)</b>
		3,680,579
		2,775,563

Assets and liabilities by segments are as follows:

	December 2019 (Un-audited)					June 2019 (Audited)				
	Segment assets	6,743,340	2,356,999	9,100,339	3,065,156	12,165,495	4,280,373	2,702,764	6,983,137	2,497,710
Segment liabilities	1,694,867	307,436	2,002,303	1,974,153	3,976,456	723,986	510,655	1,234,641	1,715,039	2,949,680



Reconciliation of segments assets and liabilities with total in the condensed interim consolidated statement of financial position is as follows:

	(Rupees in Thousand)			
	December 2019 (Un-audited)		June 2019 (Audited)	
	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	12,165,495	3,976,456	9,480,847	2,949,680
Unallocated	10,856,337	5,296,913	9,752,028	3,391,187
Elimination of intra group balances	(1,424,748)	(982,644)	(214,305)	(51,071)
<b>Total as per condensed interim consolidated statement of financial position</b>	<b>21,597,084</b>	<b>8,290,725</b>	<b>19,018,570</b>	<b>6,289,796</b>

Other segment information is as follows:

	December 2019					December 2018				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Depreciation	137,711	32,456	170,167	56,822	226,989	103,680	33,780	137,460	51,097	188,557
Capital expenditures incurred during the period	1,302,548	2,975	1,305,523	776,240	2,081,763	298,928	6,512	305,440	135,403	440,843
Unallocated capital expenditure incurred during the period					29,996				8,096	
Total					2,111,759				448,939	

**13.3** All non-current assets of the Group as at December 31, 2019 are located in Pakistan. Parent Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

**13.4** The Group does not have transaction with any external customer which amount to 10 percent or more of the Group's revenue.

#### 14 TRANSACTIONS WITH RELATED PARTIES

The related parties include Associate and Other Related Group Companies, Key Management Personnel and Defined Contribution Plans (Provident Funds). The Group continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Contributions to defined contribution plan (Provident Funds) are made as per the terms of employment. Remuneration of Key Management Personnel is in accordance with their terms of engagements. Details of transactions with related parties are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half year ended December 2019	Half year ended December 2018
Novatex Limited	Associated Company	Common directorship	Sales of goods Obtaining of services Purchase of raw material Dividend income Rent Reimbursement of expenses	75,043 294,322 38 396,900 10,474 92,109	- 332,489 - 453,600 9,242 83,877
Krystalite Product (Private) Limited	Related Party	Common management	Sale of goods Reimbursement of expenses	101,251 -	231,034 292
Mushtaq & Company (Private) Limited	Related Party	Common management	Sale of goods	9,955	50,833
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend Charges on account of handling	24,306 3,367	13,368 3,404
Gatron Foundation	Related Party	Common directorship	Payment of donation	4,220	1,385
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Contribution made	12,414	10,815
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Contribution made	1,891	1,941

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.163.088 million (December 2018: Rs.133.147 million).

The above figures are exclusive of sales tax, where applicable.

**Outstanding balances, as at reporting date, are disclosed as follows:**

	(Rupees in Thousand)	
	As at Dec 31, 2019 (Un-audited)	As at Jun 30, 2019 (Audited)
Novatex Limited		
Trade deposits and short term prepayments	10,474	-
Other receivables	17,142	11,961
Trade and other payables	14,675	13,678

	(Rupees in Thousand)	As at Dec 31, 2019 (Un-audited)	As at Jun 30, 2019 (Audited)
Krystalite Product (Private) Limited			
Trade debts	<b>58,122</b>	87,212	
Other receivables	-	87	
Mushtaq & Company (Private) Limited			
Trade debts	<b>36,128</b>	24,633	
Gani & Tayub (Private) Limited			
Trade and other payables	<b>595</b>	909	
Gatron (Industries) Limited Staff Provident Fund			
Trade and other payables	<b>4,227</b>	3,676	
Gatron (Industries) Limited Workers Provident Fund			
Trade and other payables	<b>251</b>	571	

#### 15 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company, in its meeting held on January 15, 2020, has recommended interim cash dividend of Rs. 12.50 per share. Since it is a non adjusting event, the condensed interim consolidated financial statements for the period ended December 31, 2019 do not include the effect of the recommended interim cash dividend.

#### 16 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on January 15, 2020 by the Board of Directors of the Parent Company.

#### 17 GENERAL

- 17.1** The latest available un-audited financial results of associate as on September 30, 2019, have been used for the purpose of application of equity method in valuation of long term investment.
- 17.2** Charge for Workers' Profit Participation Fund, Workers' Welfare Fund, Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.
- 17.3** Figures have been rounded off to the nearest thousand of Rupees.

**PIR MUHAMMAD DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



To all the Shareholders,

**NOTICE OF BOOK CLOSURE  
INTERIM CASH DIVIDEND**

We are pleased to inform all the shareholders of the Company that the Interim Cash Dividend of Rs. 12.50 per share i.e., 125% has been declared by the Board of Directors of GATRON (Industries) Limited at its meeting held on January 15, 2020.

The Share Transfer Books of the Company will remain closed for entitlement of this interim cash dividend from February 04, 2020 to February 11, 2020 (both days inclusive). The dividend will be paid to the shareholders of the company whose names appear in the Register of Members at the close of business on February 03, 2020.

Pursuant to Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend directly into the bank accounts of their shareholders electronically instead of paying dividend through physical dividend warrants. Therefore, it has become mandatory for all our valued shareholders to provide their International Bank Account Numbers (IBAN) and other relevant details of bank account to facilitate the payment of cash dividend through electronic mode. In case of non-compliance of the aforesaid requirement, such dividend could be withheld according to directives of Securities and Exchange Commission of Pakistan.

For the convenience of shareholders E-Dividend Mandate Form is attached and available on the Company's website <http://www.gatron.com>.

By Order of the Board

Muhammad Yasin Bilwani  
Company Secretary

Karachi: January 15, 2020

**NOTES FOR MEMBERS**

**Submission of Computerized National Identity Cards (CNIC) / (SNIC) or (NICOP)**

Submission of copy of CNIC / SNIC or NICOP by the shareholder to the company is mandatory requirement for payment of dividend. Shareholders are therefore, requested to submit copies of their CNIC / SNIC or NICOP to the Company's Shares Registrar, M/s. C&K Management Associates (Pvt) Limited at Room No. 404, 4th Floor, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi. In case of non-receipt of valid CNIC / SNIC or NICOP, the Company will be constrained to withhold the payment of dividend of such shareholders. The shareholders while sending CNIC / SNIC or NICOP must quote their respective folio number and name of the company (in case of corporate shareholders).

**Counterfoil Information of Cash Dividend**

As per Companies (Distribution of Dividend) Regulations, 2017 issued by Securities and Exchange Commission of Pakistan vide SRO No.1145(I)/2017 dated November 6, 2017, all the listed companies announcing cash dividend are required to provide a certificate to their shareholders through the Central Depository Company of Pakistan (CDC), specifying the calculation of dividend amount including the number of shares held, total amount of cash dividend, income tax and zakat deductions and the net amount credited into the designated bank account of the shareholders. Shareholders (either holding shares in electronic or physical form) can by logging in CDC's e-Services portal i.e., <https://eipo.cdcaccess.com.pk/public/index.xhtml> retrieve such information.

### **Withholding Tax on Dividend**

Pursuant to the provisions of Income Tax Ordinance, 2001, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies.

The 'Filer' is defined as a taxpayer whose name appears in the Active Tax-payers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

To enable the Company to withhold tax @ 15% for filers, all the shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted @ 30% as applicable for non-filers.

In case of joint shareholder, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder as may be notified by the shareholders, in writing as follows, to our Shares Registrar, or if no such notification is received each shareholder shall be assumed to have an equal number of shares:

Folio/CDS Account Number	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC Number	Shareholding Proportion (No. of Shares)	Name and CNIC Number	Shareholding Proportion (No. of Shares)

The required information must reach the Shares Registrar of the Company M/s. C&K Management Associates (Private) Limited, Room No.404, 4th Floor, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 Pakistan (Telephone No.021-35687839 and 35685930) by the close of business on February 03, 2020 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

As per FBR's clarification, the valid exemption certificate under section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part IV of 2nd Schedule of the Income Tax Ordinance, 2001. Those who fall in the category mentioned in the aforesaid clause must provide valid tax exemption certificate before close of business on February 03, 2020 to our Shares Registrar, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Income Tax Ordinance, 2001.

The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send copy of their NTN certificate to the Company's Shares Registrar.

Above form is also available on the Company's website: [www.gatron.com](http://www.gatron.com).



## E-DIVIDEND MANDATE FORM

The Manager  
 C&K Management Associates (Pvt) Limited  
 Shares Registrar of  
 Gatron (Industries) Limited  
 Room No. 404, 4th Floor, Trade Tower, Abdullah Haroon Road,  
 Near Metropole Hotel, Karachi-75530.

Date: \_\_\_\_\_

**Subject: Bank account details for payment of Dividend through electronic mode**

Dear Sir,

I/We/Messrs., \_\_\_\_\_, being a member of Gatron (Industries) Limited [the "Company"], hereby authorize the Company, to directly credit cash dividends declared by the Company in my bank account as detailed below:

<b>(i) Shareholder's details:</b>	
Name of the Shareholder:	
Folio No.:	
CDC Participant ID & Sub-Account No. /CDC IAS:	
CNIC/NICOP/Passport/NTN No. (please attach copy):	
Contact Number (Landline & Cell Nos.):	
Shareholder's Address:	
<b>(ii) Shareholder's Bank account details:</b>	
Title of Bank Account:	
International Bank Account Number (IBAN) (See Note 1 below):	
Bank's Name:	
Branch Name & Code No.:	
Branch Address:	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours truly,

\_\_\_\_\_  
 Signature of the Shareholder  
 (Please affix company stamp in case of corporate entity)

**Notes:**

1. Please provide complete IBAN, after verification from your concerned bank to enable the company to electronic credit into your bank account.
2. The payment of cash dividend will be processed on the basis of the IBAN number alone.
3. The company is entitled to rely on the IBAN number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations here under which is caused by incorrect payment instructions and / or due to any event beyond the control of the company.
4. CDC members are requested to submit with Participant/CDC Investor Account Services for incorporation of bank account.

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\*Mobile apps are also available for download for android and ios devices



Gatron (Industries) Limited